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# **CAPACITY BUILDING TRAINING FOR SMALL BUSINESS ASSOCIATIONS AND SME'S ON TAX ADVOCACY**

**FINAL REPORT**

**USAID GOVERNING FOR GROWTH (G4G) IN GEORGIA**

19 September 2015

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USAID GOVERNING FOR GROWTH (G4G) IN GEORGIA

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# DATA

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## ACRONYMS

<b>G4G</b>	Governing for Growth in Georgia
<b>USAID</b>	United States Agency for International Development
<b>KET</b>	NGO “Knowledge and Experience Transfer”
<b>GCCI ACADEMY</b>	The Academy of the Georgian Chamber of Commerce and Industry

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# 1. SUMMARY OF THE ACTIVITY OBJECTIVES AND ACHIEVEMENTS

The objectives of the project envisaged the capacity building of small and medium enterprises (SMEs) and representatives of small business associations on tax code advocacy issues.

Project activities:

- Identification of the target group and implementation of corresponding research for this purpose. Assessment and analysis of problems faced by the businesses (regarding tax code advocacy), especially SMEs and business associations;
- Collaboration of training programs and materials based on the needs of these circumstances as a solution to the problems;
- Dissemination of the information regarding tax code advocacy to other SMEs, business associations and the business community in order to achieve more results;
- Development of the manual, guideline document and a road map in order to introduce following topics: How to advocate the tax code? How to prevent risks? How to protect your rights, represent your interests and protect yourself from relevant authorities? What opportunities does the tax legislation give and what kind of means and ways exist to deal with legislative and procedural difficulties?
- Knowledge and capacity building of SMEs and business associations – implementation of trainings on tax legislation issues will give the members of the business community opportunities to protect against legislative and procedural violations. In case such violations take place, what opportunities exist, what they can use and how to protect their interests?
- To develop the appropriate capacity in coaching and presentation skills in order to share their knowledge on tax code advocacy issues with other business representatives or colleagues.

In order to achieve the goals mentioned above, the NGO “Knowledge and Experience Transfer” along with the project partners carried out the activities outlined below:

- Identification and analysis of existing challenges, problems and needs faced by small and medium enterprises and business associations in advocating tax legislation/code;
- Identification of project participants;
- Developed the training program design for tax advocacy;
- Developed the manual/guidelines for building the capacity of taxpayers in advocating tax legislation;
- Capacity building training on Tax Advocacy facilitated for the representatives of small and medium enterprises and business associations on tax advocacy issues for 4 groups;
- Coaching Sessions conducted for representatives of small and medium enterprises and business associations (participants of the project “**Capacity Building Training for Small Business Associations and SME’s on Tax Advocacy**”). Coaching and presentation skills were developed;

- Roundtable meetings organized with representatives of the Ministry of Finance of Georgia, Revenue Service and Business Ombudsman Office for the representatives of small and medium enterprises and business associations (participants of the project “**Capacity Building Training for Small Business Associations and SME’s on Tax Advocacy**”). Workshop and roundtable meeting/discussions conducted for RS and other stakeholder’s representatives were delivered for 4 (four) groups.

## 2. SUMMARY OF THE ACTIVITY IMPLEMENTATION PROCESS, LESSONS LEARNED AND RECOMMENDATIONS

### CONDUCTED ACTIVITIES BY MILESTONE:

**Milestone 1:** Business Associations and SMEs assessment, participant selection, training needs assessment, problem identification and report submission

**Deliverable period:** 19.06.15-24.07.15

**Date of Report:** 24.07.2015

To achieve the goal of the activity, the project implementing team has designed a special questionnaire to identify and analyze existing challenges, problems and needs faced by the small and medium enterprises and business associations in advocating tax legislation/code. For the validity purposes, the working group included tax experts from the Ministry of Finance of Georgia and Revenue Service.

- Electronic version of the questionnaire was prepared;
- Informational banner was prepared, displaying information about the project **Capacity Building Training for Small Business Associations and SME's on Tax Code Advocacy**;
- Electronic version and informational banner was placed at the website of the Academy of Georgian Chamber of Commerce and Industry ([www.academy.gcci.ge](http://www.academy.gcci.ge)) in order to identify and analyze existing challenges, problems and needs faced by small and medium enterprises and business associations in advocating tax legislation/code;
- Informational e-mails were forwarded to small and medium enterprises and business associations once the questionnaire was finalized;
- Informational e-mails included information about the project and plan/schedule of trainings, coaching sessions and workshops according to the groups.

**Milestone 2:** Training program design, material development

**Deliverable period:** 27.07.15-31.07.15

**Date of Report:** 31.07.2015

- The training program covered all the issues and topics which were identified during the survey and, therefore, have been considered by the trainer-expert engaged in the project. The program covered all those aspects about tax rights and tax disputes, the knowledge of which is important for any person (taxpayer) interested in protecting his rights, which is the goal of the project;
- The training program was divided into modules, and modules were subsequently divided into sub-topics;
- It illustrated what listeners “took away” home after completion of each module, what kind of knowledge and skills they developed in protection their own rights against tax authorities;
- The processes of tax advocacy were described in detail from the manual;



- The manual used forms stipulated in bylaws and the tax code, and explained the rules and instructions on filling them;
- It indicated a variety of informational sources, ways and relevant links and/or contact information;
- It illustrated the terms related to advocacy procedures and defined optimal recommended processes for taxpayers if the terms stipulated in the tax code were violated;
- The analysis of the survey conducted in terms of Milestone 1 served as a precondition for developing training program design and materials;
- Based on this important information, training program design and manual/guidelines have been developed, which significantly supported the development of knowledge and skills of representatives of enterprises and business associations in tax advocacy;
- The training program and the manual designed for tax advocacy were developed according to the andragogy (principles for educating adults) and considering various types of listeners.

**Milestone 3: Training #1, #2, #3, #4**

**Delivery period:** 03.08.15-14.08.15

- Training #1 is delivered (group #1) - 3-4 August, 2015
- Training #2 is delivered (group #2) - 5-6 August, 2015
- Training #3 is delivered (group #3) - 10-11 August, 2015
- Training #4 is delivered (group #4) - 12-13 August, 2015

**Date of Report:** 14.08.2015

The training was successful in the virtue of a highly qualified trainer, who has many years of practical experience in tax advocacy, as well as of the organizers of the training, who have extensive experience in scheduling and organizing training sessions.

During the training, the trainer has discussed many successful cases related to tax disputes.

The training process was interactive and trainees had an opportunity to receive detailed information on problematic and interesting issues related to tax advocacy.

During the training, the participants have discussed existing problems in their organizations and received relevant recommendations and best ways to resolve the disputes positively from the trainer.

In addition to the in-depth knowledge of the subject, the trainer has a huge experience in training adults, he has attended a special course of Training of Trainers (ToT), and he is well familiar with the methodology of training facilitation for various types of audience.

The training process was organized on a very high level.

Activities implemented in the framework of Milestone 3 represented the most important stage for achieving the project goal. As a result of these activities, listeners received a comprehensive knowledge on tax advocacy issues. Based on the information they have received, they will be able to help other entrepreneurs and member organizations of their business associations in tax disputes, provide consultations on what steps can be taken to protect their own interests.

The manual developed for the project goals also represented one of the important tools in achieving the project goal, which provided a detailed description of tax advocacy processes.

**Milestone 4:** Coaching sessions and coaching presentation skills development

**Deliverable period:** 17.08.15-31.08.15

- Coaching Sessions is delivered (group #1) 17-18 August, 2015
- Coaching Sessions is delivered (group #2) 19-20 August, 2015
- Coaching Sessions is delivered (group #3) 24-25 August, 2015
- Coaching Sessions is delivered (group #4) 26-27 August, 2015

**Date of Report:** 31.08.2015

Considering the fact that the goal of the activity was to develop skills of participants to enable them to consult their colleagues and business association member organizations in tax advocacy issues effectively and independently, the knowledge and skills developed as a result of this coaching session helped them to achieve the abovementioned goal and contribute to the efficiency and sustainability of the project.

Training program was developed in compliance with internationally recognized principles and methodology. Case studies made the training process interactive and practice-oriented.

This type of training was a novelty for listeners and they have expressed their gratitude for the project and noted that although they have been sharing information, consulting their colleagues and member organizations on a daily basis, nevertheless, this training will help them to perform the abovementioned activities in a more efficient manner.

*The activity implemented in the scope of Milestone 4 has demonstrated that this type of training was new for participants and they have expressed their interest in attending similar events in the future and planning their professional development.*

*For example: How to develop training design and training materials?*

*Participants have noted that as a result of the knowledge received from this activity, they will actively engage in the consultation processes of other colleagues and member organizations.*

**Milestone 5:** Workshop and Round Table meeting/discussions conducted for RS and other stakeholders' representatives

**Deliverable period:** 01.09.15-07.09.15

- Workshop and Round Table meeting /discussions with Revenue Service and other stakeholder's` representatives is conducted (group # 1) - 1 September, 2015
- Workshop and Round Table meeting /discussions with Revenue Service and other stakeholder's` representatives is conducted (group # 2) - 2 September, 2015
- Workshop and Round Table meeting /discussions with Revenue Service and other stakeholder's` representatives is conducted (group # 3) - 3 September, 2015
- Workshop and Round Table meeting /discussions with Revenue Service and other stakeholder's` representatives is conducted (group # 4) - 4 September, 2015

**Date of Report:** 31.08.2015

The representatives of the Ministry of Finance, Revenue Service and the Business Ombudsman Office were invited to participate in the workshop and roundtable meeting. More specifically, the roundtable meeting engaged officials from the Dispute Resolution Council of the Ministry of Finance and a tax expert from the Business Ombudsman Office.

In order to identify the results of the activities, meetings and consultations were scheduled with the invited persons. They were introduced to the project goals, techniques used to achieve those project goals and the intensity of scheduled workshops. The invited participants were asked to present practical examples of successful and unsuccessful cases of tax disputes, provide consultations on problematic issues raised by listeners, and deliver information about the approaches of their institutions.

The workshop engaged the persons, who deal with tax dispute processes on a daily basis. This can be considered as a major success of the workshop. All participants noted a high level of professionalism of the invited persons. Specific successful and unsuccessful cases from tax dispute processes were discussed. Participants received information about the approaches and engagement of the Ministry of Finance, Revenue Service and Business Ombudsman Office regarding the abovementioned issues. The tax expert from Business Ombudsman Office conducted a presentation, where he explained how the organization can use the assistance of Business Ombudsman Office and what tools does it have to provide assistance in tax dispute situations. The tax expert from the Business Ombudsman Office, who is also a representative of the Dispute Resolution Council at the Ministry of Finance, presented some specific examples.

64 participants were selected from *SMEs* and small business associations. Planned activities (training, coaching sessions, workshop and round table) were attended by 56 trainees.

**LESSONS LEARNED AND RECOMMENDATIONS**

Activities implemented in the scope of this project demonstrated that the interest of small and medium enterprises and representatives of business associations in tax legislation issues is high.

It is important for them to receive comprehensive information on other topics envisaged in the legislation in the same manner as they received information about tax advocacy in the scope of this project.

One of the important problems for participants is enhancing their knowledge in calculating specific taxes that will enable them to take preventive measures.

They would like to learn about the approaches of respective institutions in regard to the abovementioned and receive recommendations from them, as they believe that different interpretation of the legislation takes place in most cases.

The survey conducted in terms of the project confirms the abovementioned, where project participants have indicated the topics and issues important for them (the results of the aforementioned survey are presented as an attachment in Milestone 1).

They suggest that it would be good if educational activities do not coincide with the summer period, as there is a number of hindering factors due to the scheduled vacations of the employees. For example, the lack of human resources in the organizations, due to which some of their colleagues, despite their desire, could not participate in this project.

### **3. DESCRIPTION OF PROJECT IMPACT AND RESULTS, BASED ON THE INDICATORS PRESENTED IN THE APPLICATION AS WELL AS ANY OTHER ANECDOTAL INFORMATION, STAKEHOLDER OR OBSERVER COMMENTRY**

In accordance with the project application, the following results must have been achieved in developing skills of small and medium enterprises and business associations:

- Perform business processes related to the risks assessment with tax code and tax legislation independently;
- Gain/develop knowledge and skills, in order to be able to:
  - Protect their rights recognized by the tax legislation;
  - Lobby their own business interests in improving tax legislation and procedures/procedural regulations;
  - Assess risks and prevent violation of the tax legislation;
  - Plan the cycle of all possible implemented procedures under the legislation;
  - Provide accurate and on time implementation of the procedures to protect their interests in case of misconduct and other violations and difficulties;
  - Receive information about functions and obligations of the institutions, which are involved in the process of tax code implementation as well in tax procedures.
- Develop presentation and coaching skills, in order to spread the gained knowledge from these trainings and get the opportunity to consult and advise colleagues on issues related to tax code advocacy;
- Conduct workshops and roundtable meetings with the representatives (managers and decision makers) from Revenue Service, The Ministry of Finance and Business Ombudsman's Office for:
  - Sharing opinions regarding the risks and difficulties related to tax code advocacy, implementation of the Tax legislation;
  - Receiving consultations regarding tax code implementation and tax procedures;
  - Sharing their positions – how to fix tax legislative and procedural problems in process of operation, and how to fill the gaps between them;
  - Initiating legislation and procedural changes related to lobbying their business-interests;
  - Building up close cooperation and strong network with the officials mentioned above, to simplify the process of lobbyism of business interests on tax legislation/procedure level in future.

As a result of implemented activities, the participants will be able to:

- Independently take preventive measures on tax dispute issues based on the gained knowledge;
- Properly manage dispute-related processes and procedures;

- Share the knowledge gained in the framework of the project to their colleagues and provide assistance to them, if necessary.

The manual developed in the framework of the project is an important instrument for achieving the abovementioned goals, which describes in details the procedures and steps to be taken in case of tax disputes.

Some interesting ideas were proposed during the project, which presented an important information in regard to legislative initiatives for persons invited to the roundtable meetings, who represented state authorities.

Upon completion of the project, the participants will have an opportunity to communicate with the trainer and representatives of the Ministry of Finance, Revenue Service and Business Ombudsman Office, who participated in the roundtable meeting regarding any problems they encounter, as well as seek consultations from them. For this purpose, participants received the contact information of all invited persons.

If necessary, our organization is constantly ready to host such meetings in future. The feedback of participants regarding implemented activities was very important. We offer you a number of comments of participants from anonymous evaluation questionnaires:

- The training was quite interesting and interactive, discussing various cases made the training process very interesting;
- The training was interesting and comprehensive;
- Such projects shall be organized on a more frequent basis, as they have a very large impact, raise the awareness level and simplify the legitimate work of companies;
- We have received the transformation of certain knowledge and additional information;
- Despite the fact that I am an amateur in this field, there was a lot of useful information for me that I will strengthen through the manual;
- It would be good to conduct such trainings intensively, which will give us an opportunity to develop;
- My wish is to participate in similar trainings, please continue organizing such events related to business and businessmen development topics;
- I wish that trainings of such level would take place more frequently;
- I am very satisfied with this project, I will be glad if similar projects take place in future;
- This is a very interesting event for business development.

To summarize, it can be said that considering all the above mentioned the goal envisaged in the project has been achieved.

## **4. A DISCUSSION OF HOW GRANT FUNDING CONTRIBUTED TO THE OBJECTIVES OF THE PROGRAM**

The grantee has provided the full administration of the project process in order to achieve the goals of the grant program.

In particular:

- In order to achieve the goal envisaged in the project, the goal of Milestone 1 in particular, an electronic registration form was created, which turned the administration of the research process into an effective, transparent, accessible and simple process;
- The registration link was placed at the website, where any person willing to participate in the project could receive a comprehensive information about expected project results and implementation schedule;
- The information received as a result of the conducted research was very important not only for identifying the needs in the tax advocacy field, but also for receiving information regarding the need to extend knowledge of small and medium enterprises and business associations in other tax legislation issues. This represented significant information for scheduling future project activities;
- To ensure the accessibility of the project for interested persons, the National Statistics Office has provided the details and contact information of active small and medium enterprises and business associations;
- Project implementing team scheduled a project presentation and a workshop in order to make information about the project available to a wider public;
- The presentation of the project and the workshop took place on July 10, 2015 at the conference hall of National Library of Georgia;
- The presentation and workshop were attended by representatives of Small and Medium Enterprises Association, Entrepreneurship Development Agency of the Ministry of Economics and Sustainable Development, Tbilisi Municipal Entrepreneurship Development Center, Agricultural Cooperative Development Agency, Women's Business Association of Georgia, Revenue Service, USAID project - Governing for Growth (G4G), small and medium enterprises and tax trainer-experts;
- Informational leaflets of the project have been developed in order to disseminate information about the project;
- A highly qualified team that supervised the entire process was hired for project implementation purposes;
- Qualified experts were hired for training facilitation, who developed training programs, training materials, practical cases and tax advocacy manual/guidelines;
- Stationery and other materials were purchased in accordance with all activities for project implementation purposes;
- A catering company was hired to provide meals and coffee breaks during the training period;
- The design of certificates with corresponding logos was developed;

- The grant project funds were also used for printing, telephone and cleaning services in the scope of the project;
- In accordance with the cost-sharing obligations envisaged in the grant proposal, NGO “Knowledge and Experience Transfer” has rented a venue for project implementation purposes and hired a relevant qualified expert for quality assurance purposes, to monitor the quality and process of the project, develop 360-degree assessment and qualitative and quantitative analysis, which is presented in attachments.

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